CheBanca!

PRESS RELEASE

Milan, 29 April 2019

CheBanca! Board of Directors' Meeting
Approval of quarterly results for three months ended 31 March 2019

CheBanca! Board of Directors' Meeting
Results for nine months ended 31 March 2019 approved

TFAs increase to €25bn (up 10% in 9M; up 7% in 3M) with all components growing over all time horizons

AUM/AUA €9.8bn, up 16% in 9M, up 10% in 3Q

Deposits €15.2bn, up 7% in 9M, up 5% in 3Q

Net new money €2.3bn, raising capacity accelerating sharply

€0.6bn in 1Q, €0.4bn in 2Q, €1.3bn in 3Q

driven by brand and distribution enhancement

Affluent relationship managers now total 431 (up 5% Y.o.Y.), responsible for €1.3bn of NNM

Financial advisors now total 319 (up 57% Y.o.Y.), responsible for €1bn of NNM

70k new clients acquired** (27k in 3Q alone), **40% of which through digital channels

Revenues and gross profit growing

Revenues up 2% Y.o.Y.[1] to €220m, well diversified between net interest income (€157m) and fees €62m (up 10%)

Costs broadly stable at €175m (up 0.5% Y.o.Y.) despite network enhancement and expansion in operations

Gross profit up 20% Y.o.Y. to €36.4m

3Q revenues and gross profit stable vs 2Q at €74m and €13m respectively

[1] Y.o.Y: 9 months FY 2018-19 vs 9 months FY 2017-18.

CheBanca!

At a Board meeting held today, the Directors of CheBanca! approved the bank's results for the period ended 31 March 2019.

CheBanca! CEO GianLuca Sichel commented as follows:

"CheBanca! has continued to grow in 3Q 2018-19 as well. Despite the market recovery in the third quarter, the three months have seen clients continue to adopt a strongly cautious stance in their investment decisions. Nonetheless, CheBanca! has managed to attract new clients, raising more than €2bn in the last nine months. The quality of our relations with customers, the ongoing enhancement of the digital channels and distribution networks, and our product innovation have allowed us to raise around €500m in AUM/AUA and more than €700m in new deposits in 3Q alone. We continue with our commitment to improve relations with our customers on a daily basis, identifying with their needs and offering them a simple and innovative platform for interacting with us, coupled with a full convenient product offering."

OPERATIONS AND PRODUCT PORTFOLIO DEVELOPMENT

- **Strong growth in client base**, with 853,000 customers (versus 807,000 at end-June 2018), primarily via the digital channel (which has generated more than 41% of the new accounts).
- **Distribution structure enhanced:** both proprietary, with the addition of 13 new relationship managers, and FAs, with 31 new advisors and five new offices opened.
- In the course of 3Q, from 28 January 2019 to 21 March 2019, the **Mediobanca High Yield Credit Portfolio 2025 Fund** was placed, for a total of **€97.4m**, **€63.6m** of which through the **FAs network** and **€33.8m** through the **proprietary network**. The fund is an Italian-incorporated, open fund investing in high yield bond instruments. The fund has a **"window**": that is to say, there is a pre-established placement period, followed by an investment period which lasts six years. The objective of the fund is to **increase the value of the capital** over the course of the time horizon defined and to **distribute an annual coupon** which will differ according to the various stock unit classes held.
- As from 31 March 2019, CheBanca! has been **authorized to adopt its own internal risk management systems (AIRB models)** in order to measure the capital requirements for **credit risk in relation to the retail segment – i.e. exposures to individuals guaranteed by properties**. The impact calculated based on data as at 31 March 2019 amounted to a **reduction of €1.46bn in Risk-Weighted Assets**, corresponding to an **increase in the CET1 ratio from 8.79% to 14.06%.**
- In February 2019, the **sale of the entire portfolio of bad debts generated by the French branch was formalized**; the loans, carried at €3.3m, generated a **gain on disposal of €1.6m**.

CheBanca!

GROWTH IN BUSINESS VOLUMES
TFAs UP 10.3% TO €24.9bn, MORTGAGE LOANS UP 6.4% TO €8.6bn

- **Total financial assets** ("TFAs") **reached €24.9bn, up 10.3%** on end-June 2018, with **increases in all segments**: AUM up 14.8%, to €7.2bn, AUA up 19%, to €2.5bn, and deposits up 7%, to €15.2bn

- **Net new money ("NNM") of €2.3bn was gathered in 9M** (€0.6bn in Q1, €0.4bn in Q2, and €1.3bn in Q3) **and is made up primarily of AUM (€0.9bn) and AUA (€0.4bn)**. Growth in direct funding (€1bn since end-June 2018) is attributable to both the highest loyalty retention transactional component, i.e. current accounts, which total €8.2bn (compared with €7.5bn at end-June 2018, an increase of 9.3%), and deposit accounts which, due in part to the promotion for six-month term deposits, rose to €6.9bn (up 4.5% from the €6.6bn reported at end-June 2018).

- **Growth in volumes derives from balanced contribution from the main distribution channels:**
  - **59% proprietary network**: €1.3bn in NNM. TFAs managed by the proprietary channel totalled €22.2bn, split between €8.1bn in AUM/AUA and €14.1bn in deposits;
  - **41% FAs**: €1bn in NNM. TFAs managed by the FAs channel reached €2.7bn, split between €1.7bn in AUM/AUA and €1bn in deposits.

- **Loans** to households **climbed** from €8.1bn to €8.6bn, on new mortgage loans of €1.2bn (up 9.1% on the €1.1bn reported in 9M FY 2017-18). **Asset quality remained at excellent levels**: gross NPLs declined from €332.1m to €309m, accounting for 3.5% of total loans (versus 4.1%). Accordingly, **net NPLs declined from €155.1m to €131.1m** (post-IFRS 9 FTA adding €17m) and account for 1.5% of net total loans, **with a coverage ratio of 57.6% (53.3%); net bad debts decreased from €92.7m to €68.8m**, and account for 0.8% of net total loans, **with the coverage ratio rising from 60.9% to 69%.**

PROFITABILITY IMPROVING OVER ALL TIME HORIZONS

The main profit-and-loss items performed positively compared with the first nine months of the previous financial year**:**

- Revenues were up 1.9% (from €216.2m to €220.3m) **due in particular to fee income which continues to grow significantly** (up 9.5%; from €56.9m to €62.3m), offsetting the slight reduction in net interest income generated by the increase in funding costs as a result of the promotion for deposit accounts.
- **Operating costs were basically flat**, rising just 0.5%, from €173.8m to €174.7m; with different trends between labour costs and administrative expenses. In particular there was an increase in labour costs of €4.1m (from €75.1m to €79.2m) linked to expansion of the distribution structure and despite the increase in operations and development of the franchise, administrative expenses reduced by €3.2m (from €98.7m to €95.5m) due to the ongoing optimization process.
- **Loan loss provisions** were down €3m, from €12.1m to €9.1m (a decrease of 24.8%), helped in part by the **disposal of bad debts generated by the French branch office**.
- **GOP** came in at **€36.5m**, 20.4% higher than the €30.3m reported in 9M FY 2017-18.
- **Net profit continued to grow, reaching €23.9m** (up 7.5% from €22.2m), reflecting the increases described above.

CheBanca!

The main profit-and-loss items reflected the following quarter-on-quarter performance in 3Q:

- **Revenues were basically flat at €74.1m** (down just 0.2%, from €74.3m) recovering from the negative seasonality factors affecting the 1Q performance (July-September).

- **Operating costs rose** by 2.9%, from €57.5m to €59.2m, due to the increase in administrative expenses (up 4.9%, from €31.1m to €32.6m), and a slight 0.7% increase in labour costs (from €26.4m to €26.6m).

- **Loan loss provisions** saw a **significant reduction** of €1.3m (down 40.6%, from €3.2m to €1.9m), due to the sale of French non-performing loans worth €1.6m;
- **GOP for the quarter declined slightly**, from €13.6m to €13m (down 4.4%).

Milan, 29 April 2019

Mediobanca Investor Relations
Tel. no.: (0039) 02-8829.1

jessica.spina@mediobanca.com (860)
luisa.demaria@mediobanca.com (647)
matteo.carotta@mediobanca.com (290)

Mediobanca Media Relations
Tel. no.: (0039) 02-8829.1

lorenza.pigozzi@mediobanca.com (627)
stefano.tassone@mediobanca.com (319)
simona.rendo@mediobanca.com (914)

CheBanca!

1. RESTATED PROFIT AND LOSS ACCOUNT (€M)

CheBanca!	9M FY 2017-18 31/3/18	9M FY 2018-19 31/3/19	Chg. Y.o.Y.%
Net interest income	158.7	157.4	-0.8%
Treasury income	0.6	0.6	0.0%
Net fee and commission income	56.9	62.3	9.5%
Total income	**216.2**	**220.3**	**1.9%**
Labour costs	-75.1	-79.2	5.4%
Administrative expenses	-98.7	-95.5	-3.2%
Operating costs	**-173.8**	**-174.7**	**0.5%**
Loan loss provisions	-12.1	-9.1	-24.8%
GOP	**30.3**	**36.5**	**20.4%**
Other financial assets/bonds recognized at fair value	0.0	-0.1	n.m.
Profit before taxes	**30.3**	**36.4**	**20.0%**
Income taxes	-8.1	-12.5	54.3%
Net profit	**22.2**	**23.9**	**7.5%**
Statutory net profit	**13.5**	**15.0**	**11.1%**

2. QUARTERLY RESTATED PROFIT AND LOSS ACCOUNTS (€M)

CheBanca!	3M 30/9/17	3M 31/12/17	3M 31/3/18	3M 30/6/18	3M 30/9/18	3M 31/12/18	3M 31/3/19
Net interest income	53.6	53.0	52.1	53.3	52.5	51.7	53.2
Treasury income	0.1	0.2	0.3	0.2	0.1	0.3	0.2
Net fee and commission income	16.2	20.6	20.1	22.8	19.3	22.3	20.7
Total income	**69.9**	**73.8**	**72.5**	**76.3**	**71.9**	**74.3**	**74.1**
Labour costs	-25.2	-24.3	-25.6	-27.5	-26.2	-26.4	-26.6
Administrative expenses	-31.3	-33.7	-33.7	-34.0	-31.8	-31.1	-32.6
Operating costs	**-56.5**	**-58.0**	**-59.3**	**-61.5**	**-58.0**	**-57.5**	**-59.2**
Loan loss provisions	-4.5	-3.8	-3.8	-4.4	-4.0	-3.2	-1.9
GOP	**8.9**	**12.0**	**9.4**	**10.4**	**9.9**	**13.6**	**13.0**
Other financial assets/bonds recognized at fair value[2]	0.0	0.0	0.0	0.0	-0.1	-0.2	-0.2
Profit before taxes	**8.9**	**12.0**	**9.4**	**10.4**	**9.8**	**13.4**	**13.2**
Income taxes	-2.9	-2.1	-3.1	-4.9	-3.5	-3.8	-5.2
Net profit	**6.0**	**9.9**	**6.3**	**5.5**	**6.3**	**9.6**	**8.0**
Statutory net profit[1]	**1.2**	**6.1**	**6.2**	**5.5**	**6.3**	**-0.1**	**8.8**

[1]) Statutory net profit as stated here differs from the net profit stated for the affluent-premier segment of the Mediobanca Group, as it includes the contributions made to the interbank deposit guarantee fund and value adjustments made in respect of accounts outstanding with parent company Mediobanca S.p.A.

CheBanca!

3. CUSTOMER TOTAL FINANCIAL ASSETS (TFAs, €M)

CheBanca!	30/9/17	31/12/17	31/3/18	30/6/2018	30/9/18	31/12/18	31/3/19
AUM	5,361	5,735	5,964	6,320	6,503	6,650	7,252
AUA	1,804	1,831	1,972	2,116	2,170	2,262	2,517
Deposits	13,174	13,078	13,307	14,163	14,493	14,414	15,157
Total TFAs	**20,339**	**20,644**	**21,242**	**22,598**	**23,166**	**23,326**	**24,926**

4. CUSTOMER TFAs – FAs NETWORK (€M)

CheBanca!	30/9/17	31/12/17	31/3/18	30/6/18	30/9/18	31/12/18	31/3/19
AUM	273	466	711	942	1,061	1,147	1,451
AUA	64	88	110	149	165	179	209
Deposits	163	212	405	644	779	896	1,027
Total TFAs	**500**	**766**	**1,226**	**1,735**	**2,005**	**2,222**	**2,687**

5. NET NEW MONEY (NNM, €M)

CheBanca!	3M 30/9/17	3M 31/12/17	3M 31/3/18	3M 30/6/18	3M 30/9/18	3M 31/12/18	3M 31/3/19
AUM	37	336	325	338	167	336	392
AUA	6	37	90	257	71	178	139
Deposits	-180	-96	229	856	330	-79	743
Total NNM	**-137**	**277**	**644**	**1,451**	**568**	**435**	**1,273**

6. NNM - FAs NETWORK (€M)

CheBanca!	3M 30/9/17	3M 31/12/17	3M 31/3/18	3M 30/6/18	3M 30/9/18	3M 31/12/18	3M 31/3/19
AUM	38	191	257	229	118	137	242
AUA	18	27	23	40	16	21	24
Deposits	68	49	193	239	135	117	131
Total NNM	**124**	**267**	**473**	**508**	**269**	***275***	***398***

CheBanca!

7. OTHER ASSET INFORMATION (€M)

CheBanca!	30/9/17 3M	31/12/17 6M	31/3/18 9M	30/6/18 12M	30/9/18 3M	31/12/18 6M	31/3/19 9M
Mortgage loans (cumulative new loans)	306	695	1,124	1,594	377	829	1,234
Loans to customers (stock)	7,568	7,710	7,884	8,107	8,184	8,382	8,625

8. INDICATORS/RATIOS

CheBanca!	30/9/17	31/12/17	31/3/18	30/6/18	30/9/18	31/12/18	31/3/19
Customers loans/customer deposits	57%	59%	59%	57%	56%	58%	57%
NPLs/total loans	2.4%	2.2%	2.1%	1.9%	1.7%	1.5%	1.5%
Net bad debts/total loans	1.4%	1.3%	1.2%	1.1%	0.9%	0.8%	0.8%
Cost/income ratio	80.8%	79.7%	80.4%	80.4%	80.7%	79.0%	78.7%

9. STRUCTURAL DATA

CheBanca!	30/09/17	31/12/17	31/03/18	30/06/2018	30/09/18	31/12/18	31/03/19
No. of staff	1,295	1,295	1,318	1,321	1,326	1,330	1,339
o/w affluent-premier relationship managers	407	409	410	416	413	418	431
No. of FAs	112	157	203	226	244	288	319
No. of branch offices	111	109	110	111	111	110	110
No. of FAs POS	26	35	38	46	51	59	64